

Message Text

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44 40

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SPC-03

SS-15 USIA-15 ACDA-19 IO-13 EB-11 COME-00 FCSC-01

SCA-01 SCS-03 DRC-01 /146 W
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P 111535Z SEP 73

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC PRIORITY 5064

C O N F I D E N T I A L PRAGUE 2146

E.O. 11652: GDS

TAGS: PFOR, EFIN, L/C, CZ

SUBJECT: CLAIMS NEGOTIATIONS--SESSION 2

REF: PRAGUE 2137

1. BEGIN SUMMARY. AT SECOND NEGOTIATING SESSION US DEL SAID THAT NEGOTIATIONS AND SETTLEMENT COULD NOT BE CONDITIONAL ON NEGOTIATION OF TRADE AGREEMENT OR OTHER ECONOMIC ASPECTS OF US-CSSR RELATIONS. CZECHS SAID THAT US CLAIMS FIGURE WAS EXAGGERATED AND ASKED FOR EXAMINATION OF SOME INDIVIDUAL CLAIMS. US DEL REPLIED THAT SUCH AN EXAMINATION WAS NOT POSSIBLE. US DEL PROPOSED \$26 MILLION LUMP-SUM NET SETTLEMENT OF CLAIMS. END SUMMARY.

2. CHARGE BEGAN SESSION BY OUTRIGHT REJECTION OF YESTERDAY'S CZECH PROPOSAL FOR PARALLEL CLAIMS AND TRADE TALKS. HE SAID THAT US CONSIDERS THAT PRESENT NEGOTIATIONS AND EVENTUAL SETTLEMENT MUST STAND BY THEMSELVES, INDEPENDENT OF OTHER FACTORS IN US-CZECHOSLOVAK RELATIONS. WHILE WE AGREE THAT THERE IS RELATIONSHIP BETWEEN CLAIMS AND US-CSSR TRADE, CLAIMS AGREEMENT COULD NOT BE CONDITIONAL UPON TRADE AGREEMENT. HEAD OF CSSR DELEGATION (ZANTOVSKY) DID NOT REPLY TO THIS STATEMENT OR TAKE UP ISSUE OF SIMULTANEOUS TRADE TALKS AGAIN.

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3. RESPONDING TO US OUTLINE OF ELEMENTS OF SETTLEMENT, AT LEAST PARTLY FOR RECORD, ZANTOVSKY EXPRESSED SURPRISE AT SIZE OF \$75 MILLION CLAIM FIGURE. AMERICAN CLAIMANTS HAD, HE SAID, GREATLY EXAGGERATED VALUE OF THEIR PROPERTY. IN ORDER TO ARRIVE AT AGREED POINT OF DEPARTURE FOR NEGOTIATIONS HE PROPOSED WE EXAMINE SOME OF INDIVIDUAL CLAIMS TO JUDGE VALIDITY OF FIGURE SET BY FCSC. CHARG'E REPLIED THAT \$72.6 MILLION FIGURE ARRIVED AT BY CAREFUL ADJUDICATION OF CLAIMS FOR \$364 MILLION AND THAT REMAINING \$2.4 MILLION REPRESENTED ESTIMATE OF VALUE OF CLAIMS WHICH HAVE NOT YET BEEN ADJUDICATED. US WAS NOT PREPARED TO ENTER INTO DISCUSSION ON VALIDITY OR AMOUNT OF INDIVIDUAL CLAIMS.

4. CHARG'E THEN SAID THAT US WOULD ACCEPT \$26 MILLION LUMP-SUM SETTLEMENT FOR CLAIMS BY AMERICAN CITIZENS AGAINST GOC INCLUDING CREDIT FOR STEEL MILL VESTED BY USG. HE OFFERED TO TABLE US PROPOSAL ON TERMS FOR PAYMENT BUT ZANTOVSKY SUGGESTED THAT SUBJECT BE BROUGHT UP AT NEXT SESSION.

5. NEXT SESSION OF NEGOTIATIONS WILL BE SEPTEMBER 12 AT 10:00 A.M.

WORTZEL

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